One of the strongest arguments in favor of liquid reserves and banking upon general assets, without government interference, is found in the comparative calm which has reigned among Scottish and Canadian bankers when those of other countries have been shaken by panic. A serious test of this kind came in 1893, when Canada could not foil to be affected by the acute financial convulsion of her great neighbor, the United States. Several Canadian banks have their own offices in New York and the others have agents there as well as in London. These agencies do not seek business actively in New York and London, but buy and sell bills of exchange when they can do so to better advantage than the parent bank. They loan more or less on call, but only rarely on time, In periods of stringency they have several times come to the rescue of the New York money market, when the requirements of a rigid reserve law tied the hands of the American banks. Their most important service has been, however, to their parent banks when the pressure of an unusual demand has led the latter to draw upon their foreign balances. These balances in New York constituted one of the best liquid assets of the Canadian banks in 1893 an<^ were drawn down nearly $8,000,000. The banks sacrificed temporary high profits, raised their interest rates no higher than seven per cent., protected their regular customers, and while their neighbors across the border were foundering in the waves of a financial crisis, they rode the storm with a serenity which might have justified for them the heroic motto of William the Silent, *Smms tranquillus in undis.*[1]

6, Two of the important features of the Canadian, as well as of the Scotch banking system, are the large capital required by the banks and their system of branches. While each feature is capable of separate discussion, they are more or less connected with each other, from the fact that the requirement of a large capital limits the number of the banks and makes the establishment of branches necessary to afford banking facilities to the country. The minimum paid-up capital required in Canada prior to the revision of

[1] Breckenridge, 451.